

4104 21 90 --- Other kg. 10% -”;

(b) for tariff item 4106 31 00 and the entries relating thereto, the following shall be substituted, namely:—

“4106 31 -- *In the wet state (including wet-blue) :*

4106 31 10 --- Wet blues kg. Free -

4104 31 90 --- Other kg. 10% -”;

(c) for tariff item 4106 91 00 and the entries relating thereto, the following shall be substituted, namely:—

“4106 91 -- *In the wet state (including wet-blue) :*

4106 91 10 --- Wet blues kg. Free -

4104 91 90 --- Other kg. 10% -”;

(15) in Chapter 47, in heading 4702, for tariff item 4702 00 00 and the entries relating thereto, the following shall be substituted, namely:—

“4702 CHEMICAL WOOD PULP, DISSOLVING GRADES

4702 00 - *Chemical wood pulp, dissolving grades :*

4702 00 10 --- Rayon grade wood pulp kg. 2.5% -

4702 00 90 --- Other kg. 5% -”;

(16) in Chapter 48, in heading 4823, after tariff item 4823 90 30 and the entries relating thereto, the following shall be inserted, namely:—

“4823 90 40 --- Kites kg. 20% -”;

(17) in Chapter 73, —

(i) in heading 7305,—

(a) for tariff items 7305 11 19 to 7305 11 29 and the entries relating thereto, the following shall be substituted, namely:—

“7305 11 19	----	Other	kg.	15%	-
	---	<i>Non-galvanised pipes, of iron :</i>			
7305 11 31	----	Clad, plated or coated	kg.	15%	-
7305 11 39	----	Other	kg.	15%	-
	---	<i>Non-galvanised pipes, other :</i>			
7305 11 41	----	Clad, plated or coated	kg.	15%	-
7305 11 49	----	Other	kg.	15%	-”;

(b) for tariff items 7305 12 19 to 7305 12 29 and the entries relating thereto, the following shall be substituted, namely:—

“7305 12 19	----	Other	kg.	15%	-
	---	<i>Non-galvanised pipes, of iron :</i>			
7305 12 31	----	Clad, plated or coated	kg.	15%	-
7305 12 39	----	Other	kg.	15%	-
	---	<i>Non-galvanised pipes, other :</i>			
7305 12 41	----	Clad, plated or coated	kg.	15%	-
7305 12 49	----	Other	kg.	15%	-”;

(c) for tariff items 7305 19 19 to 7305 19 29 and the entries relating thereto, the following shall be substituted, namely:—

“7305 19 19	----	Other	kg.	15%	-
	---	<i>Non-galvanised pipes, of iron :</i>			
7305 19 31	----	Clad, plated or coated	kg.	15%	-
7305 19 39	----	Other	kg.	15%	-
	---	<i>Non-galvanised pipes, other :</i>			
7305 19 41	----	Clad, plated or coated	kg.	15%	-
7305 19 49	----	Other	kg.	15%	-”;

(d) for tariff items 7305 31 10 to 7305 31 90 and the entries relating thereto, the following shall be substituted, namely:—

	“--- <i>Galvanised :</i>			
7305 31 11	---- Of iron	kg.	15%	-
7305 31 19	---- Other	kg.	15%	-
	--- <i>Non-galvanised, of iron :</i>			
7305 31 21	---- Clad, plated or coated	kg.	15%	-
7305 31 29	---- Other	kg.	15%	-
	--- <i>Non-galvanised, other :</i>			
7305 31 31	---- Clad, plated or coated	kg.	15%	-
7305 31 39	---- Other	kg.	15%	-”;

(e) for tariff items 7305 39 10 to 7305 39 90 and the entries relating thereto, the following shall be substituted, namely:—

	“--- <i>Galvanised :</i>			
7305 39 11	---- Of iron	kg.	15%	-
7305 39 19	---- Other	kg.	15%	-
	--- <i>Non-galvanised, of iron :</i>			
7305 39 21	---- Clad, plated or coated	kg.	15%	-
7305 39 29	---- Other	kg.	15%	-
	--- <i>Non-galvanised, other :</i>			
7305 39 31	---- Clad, plated or coated	kg.	15%	-
7305 39 39	---- Other	kg.	15%	-”;

(ii) in heading 7306, for tariff items 7306 19 19 to 7306 19 29 and the entries relating thereto, the following shall be substituted, namely:—

“7306 19 19	---- Other	kg.	15%	-
	--- <i>Non-galvanised pipes, of iron :</i>			
7306 19 31	---- Clad, plated or coated	kg.	15%	-
7306 19 39	---- Other	kg.	15%	-

--- *Non-galvanised pipes, other :*

7306 19 41	----	Clad, plated or coated	kg.	15%	-
7306 19 49	----	Other	kg.	15%	-”;

(18) in Chapter 81, in heading 8101, after tariff item 8101 99 10 and the entries relating thereto, the following shall be inserted, namely:—

“8101 99 20	---	Bars and rods, other than those obtained simply by sintering, profiles, plates, sheets, strip and foil	kg.	5%	-”;
-------------	-----	--	-----	----	-----

(19) in Chapter 84,—

(i) in heading 8415, for tariff item 8415 90 00 and the entries relating thereto, the following shall be substituted, namely:—

“8415 90	-	<i>Parts :</i>			
8415 90 10	---	Separately presented indoor units or outdoor units for split-system air conditioning machines	u	20%	-
8415 90 90	---	Other	kg.	10%	-”;

(ii) in heading 8421, for tariff item 8421 99 00 and the entries relating thereto, the following shall be substituted, namely:—

“8421 99	--	<i>Other :</i>			
8421 99 10	---	Reverse Osmosis (RO) membrane element for household type filters	u	10%	-
8421 99 90	---	Other	u	7.5%	-”;

(20) in Chapter 85, —

(i) in heading 8507, for tariff item 8507 90 10 and the entries relating thereto, the following shall be substituted, namely:—

“8507 90 10	---	Accumulator cases made of hard rubber	kg.	10%	-
8507 90 20	---	Battery separators	kg.	5%	-”;

(ii) in heading 8529,—

(a) after tariff item 8529 10 92 and the entries relating thereto, the following shall be inserted, namely:—

“8529 10 93	----	Other, for apparatus of headings 8525 to 8527	u	10%	-”;
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(b) after tariff item 8529 90 20 and the entries relating thereto, the following shall be inserted, namely:—

“8529 90 30	---	Other, for apparatus of headings 8525 to 8527	u	10%	-”;
-------------	-----	---	---	-----	-----

(21) in Chapter 86, in heading 8609, for tariff item 8609 00 00 and the entries relating thereto, the following shall be substituted, namely:—

“8609	CONTAINERS (INCLUDING CONTAINERS FOR THE TRANSPORT OF FLUIDS) SPECIALLY DESIGNED AND EQUIPPED FOR CARRIAGE BY ONE OR MORE MODES OF TRANSPORT				
8609 00	-	<i>Containers (including containers for the transport of fluids) specially designed and equipped for carriage by one or more modes of transport :</i>			
8609 00 10	---	Refrigerated containers	u	5%	-
8609 00 90	---	Other	u	10%	-”.

THE FIFTH SCHEDULE
[See section 136(c)(ii)]

In the First Schedule to the Customs Tariff Act,—

(1) in Chapter 2, for the entry in column (4) occurring against tariff items 0207 25 00 and 0207 27 00, the entry “5%” shall be substituted;

(2) in Chapter 3, for the entry in column (4) occurring against tariff item 0306 36 60, the entry “Free” shall be substituted;

(3) in Chapter 5, for the entry in column (4) occurring against tariff item 0511 91 40, the entry “Free” shall be substituted;

(4) in Chapter 8,—

(i) for the entry in column (4) occurring against tariff item 0802 11 00, the entry “Rs. 35 per kg.” shall be substituted;

(ii) for the entry in column (4) occurring against tariff item 0802 12 00, the entry “Rs. 100 per kg.” shall be substituted;

(iii) for the entry in column (4) occurring against tariff item 0802 31 00, the entry “100%” shall be substituted;

(5) in Chapter 12, for the entry in column (4) occurring against tariff items 1209 10 00, 1209 21 00, 1209 22 00, 1209 23 00, 1209 24 00, 1209 25 00, 1209 29 10, 1209 29 90 and 1209 30 00, the entry “15%” shall be substituted;

(6) in Chapter 15, for the entry in column (4) occurring against all the tariff items of heading 1505, the entry “15%” shall be substituted;

(7) in Chapter 20, for the entry in column (4) occurring against tariff items 2008 19 21, 2008 19 22, 2008 19 29, 2008 19 91 and 2008 19 92, the entry “30%” shall be substituted;

(8) in Chapter 21, for the entry in column (4) occurring against tariff items 2106 90 11, 2106 90 19, 2106 90 20, 2106 90 30, 2106 90 40, 2106 90 60, 2106 90 70, 2106 90 80, 2106 90 91, 2106 90 92 and 2106 90 99, the entry “50%” shall be substituted;

(9) in Chapter 23, for the entry in column (4) occurring against tariff item 2309 90 31, the entry “5%” shall be substituted;

(10) in Chapter 25,—

(i) for the entry in column (4) occurring against all the tariff items of heading 2504, the entry “2.5%” shall be substituted;

(ii) for the entry in column (4) occurring against all the tariff items of heading 2505, the entry “Free” shall be substituted;

(iii) for the entry in column (4) occurring against all the tariff items of heading 2506, the entry “2.5%” shall be substituted;

(iv) for the entry in column (4) occurring against tariff item 2530 90 91, the entry “Free” shall be substituted;

(11) in Chapter 27,—

(i) for the entry in column (4) occurring against all the tariff items of heading 2701, the entry “2.5%” shall be substituted;

(ii) for the entry in column (4) occurring against all the tariff items of heading 2702, the entry “2.5%” shall be substituted;

(iii) for the entry in column (4) occurring against all the tariff items of heading 2703, the entry “2.5%” shall be substituted;

(iv) for the entry in column (4) occurring against tariff item 2709 00 10, the entry “Re 1 per tonne” shall be substituted;

(12) in Chapter 28,—

(i) for the entry in column (4) occurring against tariff item 2804 50 20, the entry “Free” shall be substituted;

(ii) for the entry in column (4) occurring against tariff item 2804 61 00, the entry “Free” shall be substituted;

(iii) for the entry in column (4) occurring against tariff item 2804 69 00, the entry “Free” shall be substituted;

(iv) for the entry in column (4) occurring against tariff item 2804 90 00, the entry “Free” shall be substituted;

(v) for the entry in column (4) occurring against tariff item 2805 30 00, the entry “Free” shall be substituted;

(vi) for the entry in column (4) occurring against tariff item 2809 20 10, the entry “5%” shall be substituted;

(vii) for the entry in column (4) occurring against tariff item 2811 22 00, the entry “2.5%” shall be substituted;

(viii) for the entry in column (4) occurring against tariff item 2816 40 00, the entry “Free” shall be substituted;

(ix) for the entry in column (4) occurring against all the tariff items of heading 2822, the entry “Free” shall be substituted;

(x) for the entry in column (4) occurring against tariff item 2825 20 00, the entry “Free” shall be substituted;

(xi) for the entry in column (4) occurring against all the tariff items of sub-heading 2825 30, the entry “Free” shall be substituted;

(xii) for the entry in column (4) occurring against tariff item 2825 60 10, the entry “Free” shall be substituted;

(xiii) for the entry in column (4) occurring against all the tariff items of sub-heading 2825 70, the entry “Free” shall be substituted;

(xiv) for the entry in column (4) occurring against tariff item 2825 80 00, the entry “Free” shall be substituted;

(xv) for the entry in column (4) occurring against tariff item 2825 90 20, the entry “Free” shall be substituted;

(xvi) for the entry in column (4) occurring against tariff item 2827 35 00, the entry “Free” shall be substituted;

(xvii) for the entry in column (4) occurring against tariff item 2827 39 30, the entry “Free” shall be substituted;

(xviii) for the entry in column (4) occurring against tariff item 2833 24 00, the entry “Free” shall be substituted;

(xix) for the entry in column (4) occurring against tariff item 2834 21 00, the entry “Free” shall be substituted;

(xx) for the entry in column (4) occurring against tariff item 2836 91 00, the entry “Free” shall be substituted;

(xxi) for the entry in column (4) occurring against tariff item 2836 92 00, the entry “Free” shall be substituted;

(13) in Chapter 29,—

(i) for the entry in column (4) occurring against tariff item 2910 20 00, the entry “2.5%”, shall be substituted;

(ii) for the entry in column (4) occurring against tariff item 2918 15 30, the entry “Free” shall be substituted;

(14) in Chapter 31, for the entry in column (4) occurring against tariff item 3102 30 00, the entry “5%” shall be substituted;

(15) in Chapter 38,—

(i) for the entry in column (4) occurring against all the tariff items of heading 3801, the entry “2.5%” shall be substituted;

(ii) for the entry in column (4) occurring against tariff item 3808 93 30, the entry “5%” shall be substituted;

(16) in Chapter 39, for the entry in column (4) occurring against all the tariff items of heading 3904, the entry “7.5%” shall be substituted;

(17) in Chapter 48, for the entry in column (4) occurring against tariff item 4823 90 90, the entry “10%” shall be substituted;

(18) in Chapter 49, for the entry in column (4) occurring against tariff item 4906 00 00, the entry “Free” shall be substituted;

(19) in Chapter 52, for the entry in column (4) occurring against tariff item 5201 00 25, the entry “Free” shall be substituted;

(20) in Chapter 72, for the entry in column (4) occurring against tariff item 7202 60 00, the entry “Free” shall be substituted;

(21) in Chapter 74, for the entry in column (4) occurring against tariff item 7402 00 10, the entry “Free” shall be substituted;

(22) in Chapter 78, for the entry in column (4) occurring against all the tariff items of heading 7802, the entry “Free” shall be substituted;

(23) in Chapter 79, for the entry in column (4) occurring against all the tariff items of heading 7902, the entry “Free” shall be substituted;

(24) in Chapter 81, for the entry in column (4) occurring against tariff item 8105 20 30, the entry “Free” shall be substituted;

(25) in Chapter 84, for the entry in column (4) occurring against tariff items 8419 89 12, 8419 89 13, 8419 89 14, 8419 89 15, 8419 89 16, 8419 89 17 and 8419 89 19, the entry “7.5%” shall be substituted.

THE SIXTH SCHEDULE

(See section 142)

In the Seventh Schedule to the Finance Act, 2001,—

(i) for the entry in column (4) occurring against tariff item 2403 99 10, the entry “60%” shall be substituted;

(ii) for the entry in column (4) occurring against tariff item 2403 99 30, the entry “60%” shall be substituted;

(iii) for the entry in column (4) occurring against tariff item 2403 99 90, the entry “60%” shall be substituted.

STATEMENT OF OBJECTS AND REASONS

The object of the Bill is to give effect to the financial proposals of the Central Government for the financial year 2026-2027. The notes on clauses explain the various provisions contained in the Bill.

NIRMALA SITHARAMAN.

NEW DELHI;
The 31st January, 2026.

PRESIDENT'S RECOMMENDATION UNDER ARTICLES 117 AND 274 OF THE
CONSTITUTION OF INDIA

[Copy of letter No. 2(13)-B(D)2026, dated the 31st January, 2026 from Smt. Nirmala Sitharaman, Minister of Finance, to the Secretary-General, Lok Sabha].

The President, having been informed of the subject matter of the proposed Bill, recommends under clauses (1) and (3) of article 117, read with clause (1) of article 274, of the Constitution of India, the introduction of the Finance Bill, 2026 to the Lok Sabha and also recommends to the Lok Sabha the consideration of the Bill.

2. The Bill will be introduced in the Lok Sabha immediately after the presentation of the Budget on the 1st February, 2026.

Notes on Clauses

Clause 2 read with the First Schedule to the Bill seeks to specify the rates at which income-tax is to be levied on income chargeable to tax for the assessment year 2026-2027 under the Income-tax Act, 1961.

Clause 3 read with the First Schedule to the Bill seeks to specify the rates at which income-tax is to be levied on income chargeable to tax for the tax year 2026-2027 under the Income-tax Act, 2025. Further, it lays down the rates at which tax is to be deducted at source during the financial year under the Income-tax Act, 2025; and the rates at which “advance tax” is to be paid, tax is to be deducted at source from, or paid on, income chargeable under the head “Salaries” or deducted under section 393(1) [Table: Sl. No. 8(iii)] of the Income-tax Act, 2025 and tax is to be calculated and charged in special cases for the financial year 2026-2027.

A.—Income-tax under the Income-tax Act, 1961

Clause 4 of the Bill seeks to amend section 92CA of the Income-tax Act, 1961 relating to reference to Transfer Pricing Officer.

The said section provides that where an assessee, has entered into an international transaction or specified domestic transaction in any previous year, the Assessing Officer may refer to the Transfer Pricing Officer for the computation of the arm's length price under section 92C in relation to the said international transaction or specified domestic transaction.

Sub-section (3A) of the said Act provides that the Transfer Pricing Officer is required to pass an order before sixty days prior to the date on which period of limitation specified in section 153, or as the case may be, in section 153B for making the order of assessment or reassessment or recomputation or fresh assessment, as the case may be, expires.

In this regard, it is proposed to insert sub-section (3AA) so as to provide that for the purpose of making order under sub-section (3), the calculation of sixty days shall be made and shall be deemed to have been made in the following manner, namely:—

(a) where the period of limitation expires on 31st of March of any year (not being a leap year), the order under sub-section (3) may be made up to the 30th of January of that year;

(b) where the period of limitation expires on 31st of March of any year (being a leap year), the order under sub-section (3) may be made up to the 31st of January of that year;

(c) where the period of limitation expires on 31st of December of any year, the order under sub-section (3) may be made up to the 1st of November of that year.

This amendment will take effect retrospectively from 1st June, 2007.

Clause 5 of the Bill seeks to amend section 139 of the Income-tax Act, 1961 relating to return of income.

Explanation 2 to sub-section (1) of said section provides definition for “due date” to mean the last date for filing the return by different classes of assessee or person for the assessment year, with different conditions applied therein.

It is proposed to substitute the said *Explanation* so as to provide that for the purposes of this sub-section “due date” means in respect of the persons mentioned in column B of the Table below, subject to the conditions as mentioned in column C of the said Table, shall be the due date of assessment year as mentioned in column D thereof:

TABLE

Sl. No.	Person	Conditions	Due date
A	B	C	D
1.	Assessee, including the partners of the firm or the spouse of such partner (if section 5A applies to such spouse).	Where the provisions of section 92E apply.	30th November.
2.	(i) Company; (ii) Assessee (other than a company) whose accounts are required to be audited under this Act or under any other law for the time being in force; (iii) partner of a firm whose accounts are required to be audited under this Act or under any other law in force or the spouse of such partner (if section 5A applies to such spouse).	Where the provisions of section 92E do not apply.	31st October.
3.	(i) Assessee having income from profits and gains of business or profession whose accounts are not required to be audited under this Act or under	Where the provisions of section 92E do not apply.	31st August.

any other law for the time being in force;

(ii) partner of a firm whose accounts are not required to be audited under this Act or under any other law in force or the spouse of such partner (if section 5A applies to such spouse).

4. Any other assessee.

31st July.

Sub-section (5) of the said section of the said Act deal with the revised return of income. It allows a person who has already furnished a return under sub-sections (1) and (4) of the said section to file a revised return, if any omission or wrong statement is discovered in the original or belated return. Such revised return must be furnished at any time before three months prior to the end of relevant assessment year or before completion of assessment, whichever is earlier.

It is further proposed to substitute said sub-section to provide that if any person, having furnished a return under sub-section (1) or sub-section (4), discovers any omission or any wrong statement therein, he may, subject to the provisions of section 234-I, furnish a revised return at any time before the end of the relevant assessment year or before the completion of the assessment, whichever is earlier.

Sub-section (8A) of the said section provides for updated return of Income. It allows a taxpayer, whether or not a return was furnished earlier, to file an updated return within forty-eight months from the end of the financial year succeeding the relevant tax year. This provision is meant to promote voluntary compliance on the part of taxpayer to offer the income for taxation.

It is proposed to provide for filing updated return for reducing the loss in specified circumstances. Also, an updated return may be furnished by a person for the relevant assessment year in pursuance of a notice under section 148 within such period as specified in the said notice and in such a case, the assessee shall be precluded from filing return in pursuance of the said notice in any other manner.

These amendments will take effect retrospectively from 1st March, 2026.

Clause 6 of the Bill seeks to amend section 140B of the Income-tax Act, 1961 relating to tax on updated return.

Sub-section (3) of the said section provides that additional income-tax amounting to twenty-five per cent., fifty per cent., sixty per cent., seventy per cent. of the aggregate of tax and interest payable, shall be paid along with original tax and interest payable, for filing the

updated return in first, second, third and fourth year, respectively from the end of the relevant assessment year.

It is proposed to insert sub-section (3A) in the said section so as to provide that where an updated return is filed in pursuance of a notice issued under section 148 within the period specified in the said notice, the additional income-tax payable shall be increased by a further sum of ten per cent. of the aggregate of tax and interest payable on account of furnishing the updated return.

This amendment will take effect retrospectively from 1st March, 2026.

Clause 7 of the Bill seeks to amend section 144C of the Income-tax Act, 1961 relating to reference to Dispute Resolution Panel.

Section 144C of the said Act, *inter alia*, provides for the procedure and scheme for making a reference to the Dispute Resolution Panel in respect of certain eligible assessee. Section 153 of the said Act provides for the time limits for completion of assessment, reassessment, and recomputation proceedings and sets the time limit for concluding such proceedings.

The Dispute Resolution Panel mechanism, as provided under section 144C of the said Act provides for a specific procedure as below:—

- (i) filing of objections before the Dispute Resolution Panel — within thirty days from the date of receipt of the draft assessment order;
- (ii) issuance of directions by the Dispute Resolution Panel — within nine months from the end of the month in which the draft assessment order is forwarded to the eligible assessee; and
- (iii) passing of the final assessment order — notwithstanding anything contained in sections 153 or 153B of the said Act, within one month from the end of the month in which the directions of the Dispute Resolution Panel are received, as mandated under sub-section (13).

In cases where the assessee accepts the draft assessment order and does not file objections before the Dispute Resolution Panel, the Assessing Officer is required, notwithstanding anything contained in sections 153 or 153B of the said Act, as the case may be, to pass the final assessment order within one month from the end of the month in which the period specified for filing objections expires, in terms of sub-section (4) of section 144C of the said Act.

It is proposed to amend section 144C of the said Act so as to clarify the time-limits available to the Assessing Officer to pass the final assessment order upon receipt of direction issued by Dispute Resolution Panel. Therefore it is hereby clarified for the purposes of sub-section (4) that where a draft of the proposed order of assessment under sub-section (1) is

forwarded within the time period allowed under section 153/153B, further time period available to the Assessing Officer to complete the assessment under sub-section (3) shall be governed and shall always be deemed to have been governed by the provisions of sub-section (4).

Further, it is also clarified for the purposes of sub-section (13) that where a draft of the proposed order of assessment under sub-section (1) is forwarded within the time period allowed under section 153/153B, time period available for the Assessing Officer under sub-section (13) to pass the assessment order upon receipt of the direction issued under sub-section (5), shall be governed and shall always be deemed to have been governed by the provisions of sub-sections (12) and (13).

It is proposed to insert sub-section (4A), (4B), (13A) and (13B) in section 144C of the said Act so as to clarify the time period available to the Assessing Officer to complete the assessment under sub-section (3) and sub-section (13), as the case may be, of section 144C of the said Act.

These amendments will take effect retrospectively from 1st April, 2009 for sub-section (4A) and (13A) of section 144C of the said Act.

These amendments will take effect retrospectively from 1st October, 2009 for sub-section (4B) and (13B) of section 144C of the said Act.

Clause 8 of the Bill seeks to insert a new section 147A of the Income-tax Act, 1961 relating to Assessing Officer for the purposes of section 148 and 148A.

Vide the Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020, sections 144B and 151A were inserted in the said Act. Section 144B provides for statutory procedure for faceless assessments with effect from the 1st day of April, 2021.

Section 147 of the Income-tax Act, 1961 empowers the Assessing Officer to assess, reassess, or recompute income if any income chargeable to tax has escaped assessment for a particular assessment year. Section 148 of the said Act provides that the Assessing Officer is mandated to issue a notice to the assessee so as to furnish a return of income where income chargeable to tax has escaped assessment.

The Finance Act, 2021 had inserted section 148A into the said Act with effect from 1st day of April, 2021 to introduce a mandatory pre-notice inquiry process and opportunity of hearing before issuance of a notice under section 148. The said section requires the Assessing Officer to conduct an inquiry, if required, with prior approval of the specified authority, provide the assessee with a show cause notice along with information suggesting escapement of income, and grant an opportunity of being heard. After considering the assessee's reply, the Assessing Officer is required to pass a reasoned order under sub-section (3) of section 148A, as the case may be, determining whether it is a fit case for issuance of notice under section 148. The said order under sub-section (3) of section 148A is issued with the prior approval of the specified authority.

It is proposed to insert section 147A after the said section 147 of the Income-tax Act, 1961 so as to remove doubts and to clarify that the Assessing Officer for the purposes of sections 148 and 148A shall mean and shall always be deemed to have meant to be an Assessing Officer other than the National Faceless Assessment Centre or any assessment unit referred to in sub-section (3) of section 144B.

This amendment will take effect retrospectively from 1st April, 2021.

Clause 9 of the Bill seeks to amend section 153 of the Income-tax Act, 1961 relating to the time limit for completion of assessment, reassessment and recomputation.

Section 153 of the said Act provides for the time limits for completion of assessment, reassessment, and recomputation proceedings and sets the time limit for concluding such proceedings.

It is proposed to amend section 153 of the said Act by inserting sub-section (10) so as to clarify that in terms of provisions of sub-sections (1) to (4) of the said section, the draft of the proposed order of assessment referred to in sub-section (1) of section 144C shall be made, and shall always be deemed to have been made, at any time up to the time limit of assessment, reassessment or recomputation referred in the said sub-sections.

This amendment will take effect retrospectively from 1st April, 2009.

Clause 10 of the Bill seeks to amend section 153B of the Income-tax Act, 1961 relating to the time limit for completion of assessment, under section 153A .

Section 153B of the said Act provides for the time limits for completion of assessment and reassessment proceedings related to search initiated under section 132 and requisition made under section 132A and sets the time limit for concluding such proceedings.

It is proposed to amend section 153B of the said Act by inserting sub-section (1A) so as to clarify that in terms of provisions of this section, the draft of the proposed order of assessment referred to in sub-section (1) of section 144C shall be made, and shall always be deemed to have been made, at any time up to the time limit of assessment, reassessment or recomputation referred in this section.

This amendment will take effect retrospectively from 1st October, 2009.

Clause 11 of the Bill seeks to amend section 220 of the Income-tax Act, 1961 relating to when tax payable and when assessee deemed in default.

The said section provides the payment and recovery of tax demand, stating that any amount specified in a notice of demand under section 156 must be paid within thirty days of service of the notice. If the assessee fails to pay within this period, they are deemed to be in

default and become liable to interest under sub-section (2) of section 220, along with possible recovery proceedings such as attachment of property. The Assessing Officer may, however, allow payment by instalments or extend the time for payment, subject to conditions, to provide relief in genuine cases.

In section 274, it is proposed to provide that, penalty for under-reporting of income under leviable under section 270A shall be imposed in the assessment order.

It is proposed to make consequential amendment in sub-section (2) of section 220 for charging of interest under the said sub-section in respect of any demand raised on account of penalty levied under section 270A only after passing of the order by the Commissioner of Income-tax (Appeals) or the Income-tax Appellate Tribunal (for appeal against the order passed in pursuance of directions issued by the Dispute Resolution Panel order), as the case may be.

This amendment will take effect retrospectively from the 1st March, 2026.

Clause 12 of the Bill seeks to insert section 234-I after section 234H of the Income-tax Act, 1961, relating to fee for default in furnishing revised return of income.

It is proposed to levy of fee amounting to five thousand rupees for revising the return after nine months from the end of relevant previous year where the total income is more than five lakh rupees, and a fee of one thousand rupees for revising the return after nine months from the end of relevant previous year where the total income is less than five lakh rupees.

This amendment will take effect retrospectively from 1st March, 2026.

Clause 13 of the Bill seeks to amend section 245MA of the Income-tax Act, 1961 relating to Dispute Resolution Committee.

The said section provides for the constitution of a Dispute Resolution Committee to resolve disputes of specified small and medium taxpayers in a cost-effective and expeditious manner. The said Committee is empowered to reduce or waive penalties and grant immunity from prosecution, subject to conditions, with the objective of reducing litigation. The section lays down eligibility, procedure, and binding nature of the Dispute Resolution Committee order, promoting voluntary compliance and speedy dispute resolution.

It is proposed to amend the said section so as to provide that penalty for under-reporting of income leviable under section 270A imposed in the assessment order may be waived by the Dispute Resolution Committee.

This amendment will take effect retrospectively from 1st March, 2026.

Clause 14 of the Bill seeks to amend section 270A of the Income-tax Act, 1961 relating to penalty for under reporting and misreporting of income.

It is proposed to insert a new sub-section (11A) in the said section so as to provide that where additional income-tax is paid in accordance with sub-section (3A) of section 140B, the income on which such additional income-tax is paid shall not form the basis of imposition of penalty.

This amendment will take effect retrospectively from 1st March, 2026.

Clause 15 of the Bill seeks to amend section 270AA of the Income-tax Act, 1961 relating to immunity from imposition of penalty, etc.

The said section, *inter alia*, provides the procedure for granting immunity by the Assessing Officer from imposition of penalty or initiation of prosecution, if assessee fulfils certain conditions, specified therein.

Under the said section immunity is granted only in the cases of under-reporting of income and not in the case of under-reporting of income in consequence of misreporting.

It is proposed to amend the said section so as to extend such immunity to cases where penalty is initiated for under-reporting of income in consequence of misreporting, on payment of the tax and interest payable as per the order of assessment under sub-section (3) of section 143 or reassessment under section 147, along with additional income-tax amounting to one hundred per cent. of the aggregate of such tax payable.

This amendment will take effect retrospectively from 1st day of March, 2026.

Clause 16 of the Bill seeks to amend section 274 of the Income-tax Act, 1961 relating to procedure.

The said section prescribes the procedure for imposing penalties and mandates that no penalty shall be levied unless the assessee is given a reasonable opportunity of being heard. It requires the Assessing Officer to issue a show-cause notice for which the penalty is proposed, and in certain cases, prior approval of higher authorities is necessary before imposing the penalty. The section ensures adherence to the principles of natural justice and aims to prevent arbitrary or invalid penalty proceedings.

It is proposed to amend the said section so as to provide that penalty for under-reporting of income leviable under section 270A shall be imposed in the assessment order made on or after the 1st April, 2027 for assessment year 2026-2027 or any earlier assessment year.

This amendment will take effect retrospectively from 1st March, 2026.

Clause 17 of the Bill seeks to amend section 275A of the Income-tax Act, 1961 (hereinafter referred as the 'Act') relating to contravention of order made under sub-section (3) of section 132.

The said section provides that whoever contravenes any order referred to in the second proviso to sub-section (1) or sub-section (3) of section 132 shall be punishable with rigorous imprisonment which may extend to two years and shall also be liable to fine.

It is proposed to amend the said section so as to change the nature of punishment from “imprisonment which may extend to two years and shall also be liable to fine” to “simple imprisonment for term which may extend to two years and with fine”.

This amendment will take effect retrospectively from 1st March, 2026.

Clause 18 of the Bill seeks to amend section 275B of the Income-tax Act, 1961 relating to failure to comply with the provisions of clause (iib) of sub-section (1) of section 132.

The said section provides that if a person who is required to afford the authorised officer the necessary facility to inspect the books of account or other documents, as required under clause (iib) of sub-section (1) of section 132, fails to afford such facility to the authorised officer, he shall be punishable with rigorous imprisonment for a term which may extend to two years and shall also be liable to fine.

It is proposed to amend the said section so as to change the punishment from “rigorous imprisonment for a term which may extend to two years and shall also be liable to fine” to “simple imprisonment for a term which may extend to six months or with fine or with both”.

This amendment will take effect retrospectively from 1st March, 2026.

Clause 19 of the Bill seeks to amend section 276 of the Income-tax Act, 1961 relating to removal, concealment, transfer or delivery of property to thwart tax recovery.

The said section provides that whoever fraudulently removes, conceals, transfers or delivers to any person, any property or any interest therein, intending thereby to prevent that property or interest therein from being taken in execution of a certificate under the provisions of the Second Schedule shall be punishable with rigorous imprisonment for a term which may extend to two years and shall also be liable to fine.

It is proposed to amend the said section so as to change the punishment from “rigorous imprisonment for a term which may extend to two years and shall also be liable to fine” to “simple imprisonment for a term which may extend to two years and with fine”.

This amendment will take effect retrospectively from 1st March, 2026.

Clause 20 of the Bill seeks to substitute sections 276B, 276BB, 276C, 276CC, 276CCC and 276D of the Income-tax Act, 1961 relating to failure to pay tax to the credit of Central Government under Chapter XII-D or XVII-B, failure to pay the tax collected at source, wilful attempt to evade tax, etc., failure to furnish returns of income, failure to furnish return of income in search cases and failure to produce accounts and documents, respectively with new sections.